



FOR CLERK USE ONLY

RDA

Item No. 19

# CALEXICO COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF CALEXICO FACT SHEET

Redevelopment Agency

Department

2-Mar-10

Requested Date

**1. Request:**

RDA Approval

☒Information Only/  
Presentation☐

Other (specify)

☐

Hearing

☐**2. Requested Action:**

Approve increase in the First Time Homebuyer Down Payment Assistance to \$40,000

**3. Fiscal Impact:**

Revenue:

Increase

☐

Source:

Decrease

☐

Amount:

Cost:

Increase

☒

Source:

HOME; Cal-HOME; RDA

Decrease

☐

Amount:

\$40,000 maximum

Does Not Apply ☐**4. Reviewed By:**

Finance Dept. on

Comments:

By:

City Attorney on

Comments:

By:

*Note: Back up must be submitted along with this form. Deadline is 5:00 p.m., 2 Fridays before the scheduled meeting date.*

CLERK USE ONLY

RDA DATE:

Action

☐

Filing

☐

Consent

☐

Presentation

☐

Hearing

☐

Other(specify)

☐

Reviewed by: City Clerk

Date

City Manager

Date

## **REDEVELOPMENT AGENCY AGENDA REPORT**

**SUBJECT:** First Time Home buyer down payment assistance program – set maximum amount of subsidy not to exceed \$40,000.00

**AGENDA DATE:** March 2, 2010

**PREPARED BY:** Rosalind Guerrero, RDA Director 

**APPROVED FOR AGENDA BY:** Victor M. Carrillo, City Manager/Ex. Director

### **RECOMMENDATION:**

1. Approve the First Time Home Buyer down payment assistance amount not to exceed \$40,000.00

**FISCAL IMPACT:** Up to \$40,000.00 per application – funded with HOME, Cal-HOME, and or RDA 20% housing set-a-side funding

### **BACKGROUND INFORMATION:**

The First Time Homebuyers Program (FTHB) allows low income families to purchase their 1<sup>st</sup> home with the assistance of a deferred second mortgage funded by the City of Calexico Redevelopment Agency. Currently the Agency has three (3) types of funding that can be used to provide the down payment assistance: State HOME program, State Cal-Home program, and the Redevelopment Agency 20% housing set-a-side.

When processing an application for assistance, the FTHB program requires an extensive review of the family's income from all sources and determining the applicant's ability to repay the first mortgage. Although the primary lender will conduct their own review of the primary loan, the down payment assistance policy requires the Agency conduct our own review based on formulas provided by the State HOME program.

As of January 2009, the department has received 221 Program Interest Forms. The Program Interest Form determines if the household falls within the household size and income guidelines established by the State. Of these 221 Interest Forms, 53 households have submitted completed applications. Of the 53 applications, 20 have been approved as eligible to receive down payment assistance with 4 applicants in the process with a financial institution to purchase a home.

HOME Program Guidelines determine the amount of affordability in the price of the home to purchase. Upon receiving notification of a household's eligibility for city assistance, the household is required to seek financing of the 1<sup>st</sup> mortgage within the amount determined to be affordable. Annual income of qualified applicants range from a low \$19,900 to a high of \$42,000 and price of a house in the limits of \$119,000 to \$150,000.

On September 2009 your board increased the down payment assistance amount to \$25,000. Since that time staff has reviewed and approved five (5) applications that qualify to buy a home.

As this is a program to assist low and moderate income households to purchase their first home, the assistance provided by the City is a deferred loan for 30 years at 1% interest rate. However, the First Time Homebuyer has at any time the option to start repayment of the deferred loan.

With stricter lending requirements through the financial institutions, \$40,000 should be sufficient to assist a low and moderate income household to purchase a home in standard condition in the price range of \$130,000 - \$160,000. City staff has encountered a problem in qualifying households at the down payment assistance amount of \$25,000. Increasing the amount to not exceed \$40,000 would allow more households to qualify for houses in standard conditions. The increase would also allow the funds to be spent on a timelier basis.